

2023 STATE OF MICHIGAN FLEET PLAN

Required by Section 813(3) of Act No. 87 Public Acts of 2021

Prepared for
Senate Appropriations Subcommittee on
General Government
House Appropriations Subcommittee on
General Government
Senate Fiscal Agency
House Fiscal Agency

Department of Technology, Management & Budget
Office of Support Services, Vehicle and Travel Services
November 30, 2022

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EXECUTIVE SUMMARY

Section 813(3) of Public Act 87 of 2021 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature within 60 days of the end of the fiscal year.

This report summarizes information at the statewide level, including a fleet inventory as of September 30, 2022, and actions taken to maximize the value of state fleet operations. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

Additional information regarding fleet operations is available from the Department. Please contact Sherri Irwin, Director, Fleet Operations with specific information requests.

OVERVIEW

Section 813(3) of Public Act 87 of 2021 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature:

(3) Pursuant to the MDTMB's authority under sections 213 and 215 of the management and budget act, 1984 PA 431, MCL 18.1213 and 18.1215, the MDTMB shall maintain a plan regarding the operation of the motor vehicle fleet. The plan shall include the number of vehicles assigned to, or authorized for use by, state departments and agencies, efforts to reduce travel expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall include a calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. The plan shall include a description of fleet garage operations, the goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage. The plan may be adjusted during the fiscal year based on needs and cost savings to achieve the maximum value and efficiency from the state motor fleet. Within 60 days after the close of the fiscal year, the MDTMB shall provide a report to the senate and house of representatives standing committees on appropriations, the chairpersons of the relevant appropriations subcommittees, the senate and house fiscal agencies, and the state budget director detailing the current plan and changes made to the plan during the fiscal year. The plan shall also be posted on the department website.

Under sections 213 and 215 of the Management and Budget Act (P.A. 431 of 1984 as amended), DTMB is authorized to issue directives relative to all motor vehicles except for those motor vehicles under the jurisdiction of the Michigan Department of Transportation (MDOT). DTMB provides these centralized services to state agencies through its organizational unit, Vehicle and Travel Services (VTS). MDOT leases some passenger vehicles and work trucks through VTS; however, it maintains its own agency-owned fleet and garage operations. Information on MDOT's garage operations is not included due to MDOT's separate legislative authorization for these services.

This report summarizes information at the statewide level. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

FLEET INVENTORY

FLEET DEFINITIONS

P.A. 431 of 1984 defines the fleet in Section 213(1)(b): "motor vehicle" means a passenger vehicle, van, minibus, truck, tractor, or other motorized vehicle.

Appendix A provides a summary of the leased and agency-owned vehicles and equipment reported as of September 30, 2022. Vehicles are leased through the State's leasing vendor or purchased with state funds. Vehicles are also leased to colleges and universities at their request. Two hundred fifteen (215) vehicles leased by five universities are included in the total fleet inventory.

Data has been organized by national fleet classifications defined by the National Association of Fleet Administrators (NAFA). These classifications include on-road and off-road vehicles, non-self-propelled equipment, and heavy equipment. Using the broadest definition of "motorized vehicles," the total state fleet includes 14,354 vehicles and units of equipment broken down to 9,044 leased vehicles (managed by VTS) and 5,310 agency-owned vehicles and heavy equipment.

Vehicles are classified as follows:

On road vehicles	8,723
Off road vehicles	271
Non-self-propelled equipment	50
Leased Total	9,044
Agency-Owned Total	<u>5,310</u>
Grand Total	14,354

FLEET MANAGEMENT

Between September 30, 2021, and September 30, 2022, the leased fleet decreased by 19 vehicles.

During the last two years, the vehicle acquisition process has been challenging. Order cancellations by the manufacturers, short ordering windows, and limits on number of vehicles that can be ordered have been problematic. Chip shortages and supply chain issues persist. VTS continues to work closely and creatively with its fleet management vendor to obtain appropriate vehicles.

As employees have returned to the office on at least a part-time basis, personal mileage reimbursement, fuel consumption, and miles traveled increased over FY2021.

INFORMATION SHARING WITH DEPARTMENTS

To assist departments in managing their fleet needs, DTMB VTS meets quarterly with each department's fleet coordinator and provides a detailed report which includes high and low mileage vehicles, vehicle order status, motor pool usage, accidents, personal mileage reimbursement, and maintenance reports. Using this data, VTS and the department's fleet coordinator can identify mileage patterns and vehicle usage to help determine if vehicles are fully utilized. The review also focuses on excessive maintenance costs and personal mileage reimbursement that could be reduced by use of a fleet vehicle.

MOTOR POOL OPERATIONS

DTMB VTS maintains central motor pools to meet the needs of state employees requiring vehicles for short-term trips of 14 days or less. These are in Detroit, Escanaba, Flint, Grand Rapids, Lansing, the State Secondary Complex in Dimondale, and Traverse City. DTMB VTS motor pool size and usage are monitored monthly to ensure efficient utilization.

Two hundred five (205) vehicles are maintained in the VTS motor pools. Eight vehicles were removed from the motor pools during FY2022 due to decreased utilization. Data on motor pool usage is provided below:

Motor Pool Location	Number of Trips (FY2022)	Miles Driven (FY2022)
Detroit	1,590	208,890
Downtown Lansing	2,870	785,303
Escanaba	970	124,021
Flint	8,745	489,555
Grand Rapids	1,030	180,217
State Secondary Complex	794	212,507
Traverse City	1,718	149,304

Departments are encouraged to establish motor pools to facilitate sharing of assigned vehicles within their own departments.

PERSONAL VEHICLE USAGE

When in the best interest of the state, an employee may use a personal vehicle as an alternative to a state-owned vehicle. The employee reimbursement for premium mileage is the IRS standard mileage rate in effect during the fiscal year. In FY22, the per mile rate(s) were \$0.585 per mile from October 2021 - June 2022 and \$0.625 per mile from July - September. The average per mile cost of a midsize state vehicle is used to set the standard mileage reimbursement rate. The FY22 standard mileage reimbursement rate was \$0.36 per mile.

The FY2022 cost of personal mileage reimbursement for executive branch agencies was \$2,767,384, representing 6,428,623 miles travelled and a \$804,600 increase from FY2021. Premium mileage reimbursements increased 30.6% while standard mileage reimbursements increased 49.4%. The number of miles travelled reflects operational adjustments related to the impact of COVID. In FY2019, the number of miles travelled was 15,693,921. Significant reductions occurred in the number of miles driven during FY20 and FY21. While still low compared to FY2019, the number of miles driven in FY2022 increased over the prior year. Vehicle consultants regularly provide data to the departments identifying when it may be more economical to assign a state vehicle to an employee than to pay reimbursement.

ESTABLISHMENT OF VEHICLE TYPE TO MATCH JOB REQUIREMENT

A key to reducing costs is the alignment of the type of vehicle needed with the actual job performed. Departments are asked not to identify specific desired makes and models but to define the functional need to be met by an assigned vehicle. An in-depth analysis of job specifications is completed which allows vehicle assignment based on these defined functional needs rather than vehicle models. DTMB VTS and the agency identify the most cost-effective solution.

TOTAL COST OF VEHICLE OWNERSHIP

Vehicle selections are made based on manufacturers' ordering cycles, availability of appropriate models from manufacturers, and total cost of ownership. The total cost of ownership over the life of the vehicle is calculated based on the vehicle acquisition cost, maintenance costs, expected mileage and fuel costs, and projected resale value.

DRIVER ACCOUNTABILITY

DTMB VTS conveys its expectations related to vehicle use through driver agreements, email communications, the motor pool reservation website, published policies, and the department vehicle coordinators. Driver agreements outline the responsibilities of drivers who use state vehicles and equipment and are required to be signed by each driver and maintained in their personnel file.

ALTERNATIVES TO TRAVEL

DTMB VTS continues to work with departments to identify and encourage alternatives to travel for meetings and training. DTMB conferencing and collaboration tools allow employees to work together in real time without face-to-face interactions, reducing travel costs. Current statewide conferencing and collaboration tools include Microsoft Teams, other audio and video conferencing platforms, and streaming media.

FUEL

ALTERNATIVE FUEL

The State currently has 4,932 flex fuel vehicles, capable of operating on either unleaded gasoline or E85 (85% ethanol, 15% gasoline). This is a decrease of 480 E85 vehicles from 2021 due to elimination of that option by the manufacturers. In FY2022, the State purchased 13,689 gallons of E85 for the leased fleet as compared to 14,034 gallons in FY2021. Total usage may be understated because of inaccurate reporting by retail fuel sites and limited product availability statewide. Pricing has not been competitive, and the availability of E85 has decreased in the state. According to the U.S. Department of Energy, 225 commercial fueling sites in Michigan currently sell E85, a decrease of 18 over last year.

Federal Energy Policy Act legislation requires that 75% of the State's non-law enforcement, light duty vehicle fleet is comprised of flex fuel vehicles and that alternative fuels are utilized when they are reasonably available and reasonably priced. Credits for use of biodiesel may be combined with alternative fuel vehicle purchases to meet federal requirements. Biodiesel is no longer readily available in Michigan. The State has complied with federal requirements in FY2022 and anticipates it will meet these targets again in FY2023.

FUEL CONSUMPTION

In FY2022, the State's leased fleet utilized 6,175,773 gallons of fuel, traveling 101,820,541 miles. That represents a 3% Increase in gallons of fuel and a 10% increase in miles traveled over FY2021.

FUEL TAXES

By utilizing a fuel card provider, the State can purchase fuel exempt from federal excise taxes and state taxes. In FY2022, the State saved a total of \$3,586,836 on its purchases: \$1,154,111in federal taxes, \$759,276 in state sales taxes, and \$1,673,449 in state excise taxes.

FLEET GARAGE OPERATIONS

DTMB VTS maintains one fleet garage at the State's Secondary Complex in Dimondale. The garage is staffed by 23 full-time employees which is supplemented when needed, by temporary employees. This report does not include information related to the MDOT garages as that information is maintained by MDOT.

GARAGE SERVICES

The VTS garage is authorized by the Detroit automotive manufacturers as a new car prep center. In addition, the garage provides full maintenance and repair services except for engine and transmission overhauls and body repairs. VTS mechanics are ASE (Automotive Service Excellence) or state-certified. The garage maintains a parts department, including tires, push bars, lights and other specialized equipment needed by the Michigan State Police and Department of Natural Resources law enforcement vehicles. Many of these parts are not readily available at retail service centers, and the state is able to purchase parts at a sizeable discount from retail. Additional services provided by the VTS garage include new car vehicle prep, maintenance of MSP precision driving unit vehicles, and management of vehicle resale and disposal functions.

In FY2022, the garage provided the following services:

Type of Service	Count of Jobs
Preventive Maintenance	1,930
Tires	3,582
Brakes	1,603
Body and Glass	1,669
Miscellaneous Repairs	4,465
Assignments/Terminations/Disposals	12,452
Parts Repair/Parts Distribution	53
Towing Service and Transport	334
TOTAL	26,088

GARAGE EXPENDITURES

In FY2022, VTS garage expenditures were \$4,166,091, a 6.3% increase over FY2021 primarily due to cost increases in shop supplies, tires and parts.

ADDITIONAL INFORMATION

Additional information is available by contacting:

Sherri Irwin Director, Fleet Operations Office of Support Services 517-636-5600

APPENDIX A

LEASED AND AGENCY – OWNED COMBINED INVENTORY SUMMARY SEPTEMBER 30, 2022

Vehicle Class	Group	Total
On Road	Automobile	2,972
	Bus	17
	Cycles	25
	Pickups	1,870
	Sport Utility	2,264
	Straight Trucks	275
	Truck Tractors	23
	Van	1,277
On Road Total		8,723
Off Road	Grounds	13
	Light Vehicles	200
	Material Handling	29
	Public Works	7
	Tracked	8
	Wheeled	14
Off Road Total		271
Non-Self Propelled	Semi-Trailer	6
	Trailer	44
Non-Self-Propelled Total		50
	Leased Total	9,044
	Agency-Owned Total	5,310
	Grand Total	14,354

STATE LEASED FLEET BY DEPARTMENT

Agency	Group	Total
Agriculture and Rural Development	Automobile - Coupes, Sedans	124
	Pickup - Compact - 1 Ton	50
	Straight Trucks - Service, Delivery, Tow Trucks	2
	SUV - Compact - 1 Ton	76
	Trailer	1
	Van - Compact - 1 Ton	18
Agriculture and Rural Development Total		271
Attorney General	Automobile - Coupes, Sedans	24
	SUV - Compact - 1 Ton	36
	Van - Compact - 1 Ton	2
Attorney General Total		62
Auditor General	Automobile - Coupes, Sedans	2
Auditor General Total		2
Civil Rights	Automobile - Coupes, Sedans	2
Civil Rights Total		2
Civil Service	Automobile - Coupes, Sedans	1
Civil Service Total		1
Corrections	ATVs, Electric Carts, Snowmobiles	178
	Automobile - Coupes, Sedans	116
	Bus	10
	Dozers, Excavators	1
	Forklifts, Man Lifts	13
	Heavy Duty Trucks, Semi Tractors	10
	Loaders\Graders\Backhoes	3
	Pickup - Compact - 1 Ton	157
	Semi-Trailer	4
	Straight Trucks - Service, Delivery, Tow Trucks	74
	SUV - Compact - 1 Ton	39
	Tractors - Utility & Riding Mowers	2
	Trailer	16
	Van - Compact - 1 Ton	333
Corrections Total		956
DTMB-Detroit Motor Pool	Automobile - Coupes, Sedans	12
	SUV - Compact - 1 Ton	11
	Van - Compact - 1 Ton	2
DTMB-Detroit Motor Pool Total		25

Agency	Group	Total
DTMB-Escanaba Motor Pool	Automobile - Coupes, Sedans	6
	SUV - Compact - 1 Ton	1
	Van - Compact - 1 Ton	3
DTMB-Escanaba Pool Total		10
DTMB-Flint Motor Pool	Automobile - Coupes, Sedans	62
	SUV - Compact - 1 Ton	3
	Van - Compact - 1 Ton	6
DTMB-Flint Motor Pool Total		71
DTMB-Grand Rapids Motor Pool	Automobile - Coupes, Sedans	16
	SUV - Compact - 1 Ton	2
	Van - Compact - 1 Ton	2
DTMB-Grand Rapids Motor Pool Total		20
DTMB-Lansing Downtown Motor Pool	Automobile - Coupes, Sedans	26
	SUV - Compact - 1 Ton	9
	Van - Compact - 1 Ton	8
DTMB-Lansing Downtown Pool Total		43
DTMB-Lansing Secondary Motor Pool	Automobile - Coupes, Sedans	13
	SUV - Compact - 1 Ton	2
	Van - Compact - 1 Ton	2
DTMB-Lansing Secondary Pool Total		17
DTMB-Traverse City Motor Pool	Automobile - Coupes, Sedans	14
	SUV - Compact - 1 Ton	3
	Van - Compact - 1 Ton	2
DTMB-Lansing Secondary Motor Pool Automobile - Coupes, Sedans SUV - Compact - 1 Ton Van - Compact - 1 Ton DTMB-Lansing Secondary Pool Total DTMB-Traverse City Motor Pool Automobile - Coupes, Sedans SUV - Compact - 1 Ton Van - Compact - 1 Ton Van - Compact - 1 Ton		19
Eastern Michigan University	Pickup - Compact - 1 Ton	13
	Straight Trucks - Service, Delivery, Tow Trucks	6
	SUV - Compact - 1 Ton	1
	Van - Compact - 1 Ton	26
Eastern Michigan University Total		46
Education	Automobile - Coupes, Sedans	29
	Pickup - Compact - 1 Ton	1
	SUV - Compact - 1 Ton	2
	Van - Compact - 1 Ton	5
Education Total		37

Agency	Group	Total
Environment, Great Lakes, and Energy	ATVs, Electric Carts, Snowmobiles	1
	Automobile - Coupes, Sedans	32
	Dozers, Excavators	2
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	56
	Straight Trucks - Service, Delivery, Tow Trucks	9
	SUV - Compact - 1 Ton	50
	Trailer	4
	Van - Compact - 1 Ton	25
Environment, Great Lakes, and Energy Total		181
Executive Office	Automobile - Coupes, Sedans	2
	SUV - Compact - 1 Ton	1
Executive Office Total		3
Health & Human Services	ATVs, Electric Carts, Snowmobiles	4
	Automobile - Coupes, Sedans	1,061
	Bus	3
	Forklifts, Man Lifts	3
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	28
	Straight Trucks - Service, Delivery, Tow Trucks	8
	SUV - Compact - 1 Ton	241
	Tractors - Utility & Riding Mowers	8
	Van - Compact - 1 Ton	194
Health & Human Services Total		1,552
House of Rep & House Fiscal Agy.	Van - Compact - 1 Ton	1
House of Rep & House Fiscal Agy. Total		1
Insurance & Financial Services	Automobile - Coupes, Sedans	32
	SUV - Compact - 1 Ton	1
	Van - Compact - 1 Ton	1
Insurance & Financial Services Total		34
Labor and Economic Opportunity	Automobile - Coupes, Sedans	169
	Pickup - Compact - 1 Ton	11
	Straight Trucks - Service, Delivery, Tow Trucks	1
	SUV - Compact - 1 Ton	79
	Van - Compact - 1 Ton	53
Labor and Economic Opportunity Total		313
Lake Superior State University	Automobile - Coupes, Sedans	8
•	Van - Compact - 1 Ton	5
Lake Superior State University Total		13

Agency	Group	Total
Legislative Service Bureau	Pickup - Compact - 1 Ton	1
	Straight Trucks - Service, Delivery, Tow Trucks	1
	Van - Compact - 1 Ton	1
Legislative Service Bureau Total		3
Licensing and Regulatory Affairs	Automobile - Coupes, Sedans	269
	Pickup - Compact - 1 Ton	30
	Straight Trucks - Service, Delivery, Tow Trucks	1
	SUV - Compact - 1 Ton	124
	Van - Compact - 1 Ton	16
Licensing and Regulatory Affairs Total		440
Lottery	Automobile - Coupes, Sedans	17
	SUV - Compact - 1 Ton	16
	Van - Compact - 1 Ton	69
Lottery Total		102
MI Econ Development Corp	Automobile - Coupes, Sedans	4
	SUV - Compact - 1 Ton	8
	Van - Compact - 1 Ton	1
MI Econ Development Corp Total		13
MI Gaming Control Board	Automobile - Coupes, Sedans	13
	SUV - Compact - 1 Ton	7
	Van - Compact - 1 Ton	2
MI Gaming Control Board Total		22
MI Veterans Facility Authority	Bus	3
	Pickup - Compact - 1 Ton	4
	Straight Trucks - Service, Delivery, Tow Trucks	2
	SUV - Compact - 1 Ton	3
	Van - Compact - 1 Ton	7
MI Veterans Facility Authority Total		19
Michigan Land Bank	SUV - Compact - 1 Ton	1
Michigan Land Bank Total		1
Michigan State Housing Development		
Authority	Automobile - Coupes, Sedans	4
	Pickup - Compact - 1 Ton	4
	Van - Compact - 1 Ton	1
Michigan State Housing Development Aut	hority Total	9

Agency	Group	Total
Military and Veterans Affairs	ATVs, Electric Carts, Snowmobiles	1
	Automobile - Coupes, Sedans	4
	Dozers, Excavators	1
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	84
	Straight Trucks - Service, Delivery, Tow Trucks	4
	SUV - Compact - 1 Ton	9
	Van - Compact - 1 Ton	29
Military and Veterans Affairs Total		134
Natural Resources	ATVs, Electric Carts, Snowmobiles	10
	Augers, Trenchers	7
	Automobile - Coupes, Sedans	17
	Heavy Duty Trucks, Semi Tractors	8
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	838
	Straight Trucks - Service, Delivery, Tow Trucks	106
	SUV - Compact - 1 Ton	105
	Tractors - Utility & Riding Mowers	3
	Trailer	8
	Van - Compact - 1 Ton	32
Natural Resources Total	·	1,135
Northern Michigan University	Automobile - Coupes, Sedans	9
	SUV - Compact - 1 Ton	4
Northern Michigan University Total		13
Saginaw Valley State University	Automobile - Coupes, Sedans	7
	Pickup - Compact - 1 Ton	11
	Straight Trucks - Service, Delivery, Tow Trucks	2
	Van - Compact - 1 Ton	39
Saginaw Valley State University Total		59
Senate	Van - Compact - 1 Ton	2
Senate Total		2
State	Automobile - Coupes, Sedans	41
	Pickup - Compact - 1 Ton	2
	Straight Trucks - Service, Delivery, Tow Trucks	3
	SUV - Compact - 1 Ton	13
	Trailer	1
	Van - Compact - 1 Ton	14
State Total		74

Agency	Group	Total
State Police	ATVs, Electric Carts, Snowmobiles	1
	Automobile - Coupes, Sedans	685
	Bus	1
	Motorcycles	25
	Pickup - Compact - 1 Ton	91
	Straight Trucks - Service, Delivery, Tow Trucks	32
	SUV - Compact - 1 Ton	1,326
	Van - Compact - 1 Ton	144
State Police Total		2,305
Technology, Management & Budget	ATVs, Electric Carts, Snowmobiles	5
	Automobile - Coupes, Sedans	21
	Dozers, Excavators	4
	Forklifts, Man Lifts	11
	Heavy Duty Trucks, Semi Tractors	5
	Loaders\Graders\Backhoes	4
	Pickup - Compact - 1 Ton	72
	Semi-Trailer	2
	Straight Trucks - Service, Delivery, Tow Trucks	16
	SUV - Compact - 1 Ton	69
	Trailer	14
	Van - Compact - 1 Ton	73
Technology, Management & Budget Total		296
Transportation	Automobile - Coupes, Sedans	125
	Forklifts, Man Lifts	2
	Pickup - Compact - 1 Ton	396
	Van - Compact - 1 Ton	103
Transportation Total		626
Treasury	Automobile - Coupes, Sedans	4
·	SUV - Compact - 1 Ton	17
	Van - Compact - 1 Ton	7
Treasury Total	·	28
Wayne State University	Automobile - Coupes, Sedans	1
·	Pickup - Compact - 1 Ton	21
	Straight Trucks - Service, Delivery, Tow Trucks	8
	SUV - Compact - 1 Ton	5
	Van - Compact - 1 Ton	49
Wayne State University Total		84
Grand Total		9,044